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FISCAL IMPACT STATEMENT

LS 6497

BILL NUMBER: HB 1145

NOTE PREPARED: Jan 21, 2010

BILL AMENDED: Jan 21, 2010

SUBJECT: Property Tax Exemption Application Filing.

FIRST AUTHOR: Rep. Herrell

FIRST SPONSOR:

BILL STATUS: CR Adopted - 1st House

FUNDS AFFECTED: **GENERAL**
 DEDICATED
 FEDERAL

IMPACT: Local

Summary of Legislation: (Amended) *Church Exemption:* This bill authorizes a property tax exemption for the 2007 assessment date for land and improvements owned by a church that failed to file an exemption application for that year.

Social Service Center Exemption: The bill authorizes a property tax exemption for the 2006 assessment date for personal property, land, and improvements owned by a social service center that failed to file an exemption application for that year.

Fraternity and Other Exemptions: This bill also permits a taxpayer to file or refile a property tax exemption application under the exemption statutes available for sorority and fraternity property or for charitable property generally with respect to exemptions for the 2006, 2007, 2008, and 2009 assessment dates.

Effective Date: (Amended) January, 1, 2006 (retroactive); Upon passage.

Explanation of State Expenditures:

Explanation of State Revenues:

Explanation of Local Expenditures:

Explanation of Local Revenues: *Church Exemption:* Under this provision, a church may file an exemption application by June 30, 2010, effective for taxes payable in 2008 under the following conditions:

- (1) The church constructed a community center, assessable for the 2007 assessment date;

- (2) The church failed to timely file an exemption application for the 2007 assessment date;
- (3) The property would have otherwise been eligible for exemption; and
- (4) The church timely filed an exemption application for the 2008 assessment date, which was granted.

The total number of properties that could be affected is unknown. One property has been identified in Howard County. According to county records, the original Pay 2008 tax bill was \$16,677. With penalties, the total due is \$18,372. A payment of \$9,186 was made in April 2009, leaving a balance of \$9,186.

Under this bill, the exemption would apply retroactively and the tax bill would be cancelled. The local taxing units and school corporation located in the property's taxing district would forego receipt of their share of the remaining \$9,186 that is due. Overall current year tax collections would also be reduced by \$9,186 in order to provide a refund of the amount already paid.

(Revised) *Social Service Center Exemption:* Under this provision, a social service center may file an exemption application by June 30, 2010, effective for taxes payable in 2007 under the following conditions for either of two situations:

Situation A

- (1) The social service center acquired personal property and land, then made improvements to the land, all assessable for the 2006 assessment date;
- (2) The social service center failed to timely file an exemption application for the 2006 assessment date;
- (3) The property would have otherwise been eligible for exemption; and
- (4) The social service center timely filed an exemption application for the 2007 assessment date, which was granted.

The total number of properties that could be affected under this provision is unknown. One affected property has been identified in Marion County. According to a notice issued by the county in September 2009, the total amount due on real property, including interest and penalties, is \$64,389. According to county records, the original tax bill for personal property amounted to \$478.

Situation B

- (1) The social service center acquired personal property, land, and improvements from a nonprofit youth sports club that was assessable for the 2006 assessment date;
- (2) Neither the youth sports club nor the social service center timely filed an exemption application for the 2006 assessment date;
- (3) The property would have otherwise been eligible for exemption; and
- (4) The social service center timely filed an exemption application for the 2007 assessment date, which was granted.

The total number of properties that could be affected under this provision is unknown. One affected property has been identified in Marion County. According to a notice issued by the county in September 2009, the total amount due on real property, including interest and penalties, is \$16,840.

Under both provisions, the exemptions would apply retroactively and the tax bills would be cancelled. The local taxing units and school corporation located in the property's taxing district would forego receipt of their share of the amounts currently due, about \$81,700.

(Revised) *Fraternity and Other Exemptions*: Under this provision, a fraternity, sorority, or educational, literary, scientific, religious, or charitable organization may file an exemption application between January 16, 2010, and January 24, 2010, inclusive, effective for taxes payable in 2007, 2008, 2009, or 2010. In order to file an exemption application under this provision, the entity must have received an exemption for a preceding year on the same property.

The total number of properties that could be affected is unknown. One property owned by a fraternity has been identified in Marion County. According to county records, the original tax bills amounted to \$30,143 in 2007, \$25,872 in 2008, and \$19,310 in 2009. The total for this entity over the three years is \$75,325 plus accrued interest and penalties.

Under this provision, the exemption would apply retroactively and the tax bill would be cancelled. The local taxing units and school corporation located in the property's taxing district would forego receipt of their share of the amounts currently due.

State Agencies Affected:

Local Agencies Affected: Local civil taxing units and school corporations in affected taxing districts.

Information Sources: Marion County Auditor tax records and treasurer notices.

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